

5. **Financial Capability.** When the applicant is a non-governmental entity and if there has been no recent history with OJP, a financial capability questionnaire will be provided to the applicant. This questionnaire should be completed by an independent auditor and submitted to the awarding agency before the award is made.

Federal Debt (OMB Circular A-129). The awarding agency holds recipients accountable for any overpayment, audit disallowances, or any other breach of award that results in a debt owed to the Federal government. The awarding agency shall apply interest, penalties, and administrative costs to a delinquent debt owed by a debtor pursuant to the Federal Claims Collection Standards and OMB Circular A-129.

Financial Analysis. The analysis of project applications includes:

1. Performing a cost analysis of each project application considered for funding by the awarding agency. Cost analysis includes obtaining cost breakdowns, verifying cost data, evaluating specific elements of costs, and examining data to determine the necessity, reasonableness, allowability, allocability, and appropriateness of the proposed cost. The form and extent of such an analysis will be determined by the awarding agency.
2. Accepting current Department of Justice-approved indirect cost rates or rates approved by other Federal agencies. If an applicant does not have an approved rate, they must submit an indirect cost proposal to their cognizant Federal agency.
3. Determining the adequacy of the applicant's accounting system and operations to ensure that Federal funds, if awarded, will be expended in a judicious manner. Where a non-governmental applicant (except public colleges, universities, and hospitals) has never received an award, the organization's accounting system should be reviewed prior to award or within a reasonable time thereafter to assure its adequacy and acceptability. This review should also apply where known financial or management deficiencies exist. The results of the review will determine the action to be taken by the awarding agency with regard to the award. Where an applicant has had prior awards, outstanding audit issues and delinquent audit, financial, or progress reports should be addressed prior to awarding additional funds.
4. Reviewing credit reports, delinquency status of Federal debt, and other prescreening information. The awarding agency will take such information into account when considering the application for award.

Debarment and Suspension Certification. This certification must be completed prior to recommendation for or against an award. The government-wide common rule for debarment and suspension and drug-free workplace, 28 CFR Part 67, provides guidance on requirements that recipients shall meet in order to receive Federal funds.

1. Title 28 of the Code of Federal Regulations (CFR), Part 67, provides that executive departments and agencies shall participate in a system for debarment and suspension from programs and activities involving Federal financial and non-financial assistance and benefits. Debarment or suspension of a participant in a program by one agency has government-wide effect. It is the policy of the Federal government to conduct business only with responsible persons, and these guidelines will assist agencies in carrying out this policy.
2. Certification Regarding Debarment, Suspension, Ineligibility and Other Responsibility Matters -- Primary Covered Transactions (OJP Form 4061/2 or like form). Certifications must be

completed and submitted by recipients of discretionary awards to the awarding agency's program offices during the application stage. Block/ formula recipients are exempt from submission of this certification but are responsible for monitoring subrecipient submissions of the lower tier certification (OJP Form 4061/1) and for maintaining them at the State level.

3. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions (OJP Form 4061/1 or like form). This requirement includes persons, corporations, etc. who have critical influence on or substantive control over the award. The direct recipient will be responsible for monitoring the submission and maintaining the official subrecipient certifications.

To summarize, the debarment and suspension common rule requires that both recipients and their subrecipients certify they will comply with the debarment and suspension common rule. Subcontractors are not required to certify if their subaward is less than \$100,000.

Drug-Free Workplace Certification. This certification must be submitted prior to recommendation for or against an award. The government-wide common rule for debarment and suspension and drug-free workplace, 28 CFR Part 67, provides guidance on requirements that recipients shall meet in order to receive Federal funds.

Subpart F of 28 CFR Part 67 implements the statutory requirements of the Drug-Free Workplace Act of 1989. All recipients receiving awards from any Federal agency shall certify to that agency that they will maintain a drug-free workplace, or, in the case of a recipient who is an individual, certify to the agency that his or her conduct of award activity will be drug-free. If a recipient makes a false certification, the recipient is subject to suspension, termination, and debarment.

1. The State agency responsible for administering the block/formula award shall submit a drug-free workplace certification to the awarding agency and shall be responsible for obtaining a drug-free workplace certification from each State agency that is subawarded funds. Subrecipients who are not State agencies are not required to submit a drug-free workplace certification.
2. A recipient is required to make the required certification for each award. The one exception to this rule is that a recipient who is a State, including a State agency, may elect to make a single annual certification to each awarding agency from which it obtains awards, rather than making a separate certification for each award or workplace. Only one such annual certification need be made to each Federal agency which will cover all of that State agency's workplaces.
3. There are two different certifications: one for individuals and one for organizations. The individual recipient certifies that he or she will not engage in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance in